

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

FILED
U.S. DISTRICT COURT
DISTRICT OF KANSAS
2005 JUN 15 P 4: 34

UNITED STATES OF AMERICA,)
)
 Plaintiff,)

vs.)

ARLAN DEAN KAUFMAN, and)
LINDA JOYCE KAUFMAN,)
)
 Defendants.)

RALPH L. DELOACH
CLERK
BY B.L. [Signature]
Case No. 04-40141-SAC-DEPUTY
AT TOPP, KA, KS
Count 1: 18 U.S.C. § 371
Counts 2-3: 18 U.S.C. § 1589
Counts 4-6: 18 U.S.C. § 1584
Counts 7-22: 18 U.S.C. § 1347
Counts 23-31: 18 U.S.C. § 1341
Counts 32: 18 U.S.C. § 1035
Counts 33: 18 U.S.C. § 1516
Counts 2-33: 18 U.S.C. § 2
Count 34: 18 U.S.C. § 982

SECOND SUPERSEDING INDICTMENT

The Grand Jury charges:

At all material times:

Introduction

1. From in or about 1980, and continuing through in or about October 26, 2004, the exact dates being unknown to the Grand Jury, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN, who are husband and wife, did business in Harvey County and Butler County, Kansas, as Kaufman House Treatment Center, Kaufman House Residential Group Treatment Program, or Kaufman Treatment Center (hereinafter "Kaufman House").

2. The Kaufman House was an unlicensed residential home for mentally ill adults.

3. From in or about 1981, and continuing through in or about October 26, 2004, the exact dates being unknown to the Grand Jury, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN engaged in a conspiracy and scheme to hold the mentally ill Kaufman House residents in involuntary servitude and forced labor; to deprive individuals of their intangible right to honest services; and to defraud Medicare, Medicare beneficiaries, and beneficiaries' families.

4. The conspiracy and scheme involved:

- a. Defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN knowingly and willfully holding mentally ill residents in a condition of involuntary servitude and forced labor by forcing and coercing them to engage in nudity and sexually explicit acts, expose their genitalia, perform in sexually explicit video tapes, and perform other acts as labor and services for the defendants' entertainment and benefit;
- b. Defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN failing to provide honest services to individuals under their care;

- c. Defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN defrauding Medicare, Medicare beneficiaries, and beneficiaries' families by billing for services not rendered and not documented;
- d. Defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN falsifying documents submitted to Medicare; and
- e. Defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN attempting to obstruct a federal audit.

The Defendants and the Business

5. From on or about September 6, 1988, to on or about August 9, 2001, defendant ARLAN DEAN KAUFMAN was licensed in Kansas as a Specialist Clinical Social Worker. On or about August 9, 2001, the Kansas Behavioral Sciences Regulatory Board ("KBSRB"), the state organization that governs Licensed Clinical Social Workers, suspended defendant ARLAN DEAN KAUFMAN'S license to practice social work in Kansas. Thereafter, defendant ARLAN DEAN KAUFMAN allowed his license to expire.

6. From on or about February 24, 1967, to on or about February 18, 2004, defendant LINDA JOYCE KAUFMAN was a Registered Nurse. On or

about February 18, 2004, the Board of Nursing for the State of Kansas suspended defendant LINDA JOYCE KAUFMAN'S license to practice nursing in Kansas.

7. From on or about December 23, 1980, when the Kaufman House Residential Group Treatment Program was incorporated in the State of Kansas, and continuing through on or about October 26, 2004, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN owned and operated Kaufman House, where at least 20 mentally ill individuals (hereinafter "residents") lived at various times.

8. At various times, the residents included, but were not limited to: JA, RB, KB, DB, GC, PC, AG, DH, MH, JJ, LK, ML, PL, NM, JM, MO, KR, TR, BT, EW, and AW. According to Medicare claims submitted by the defendants, many of these individuals suffered from various forms of mental illness, such as schizophrenia.

9. The Kaufman House consisted of the following:

- (a) 413 W. Broadway, Newton, Kansas, which the defendants listed on claims submitted to Medicare as the location of Kaufman House, and where the defendants purported to provide therapy services;
- (b) 119 W. 8th Street, Newton, Kansas, a house where residents lived, and where the defendants purported to provide therapy services;

- (c) 321 W. 7th Street, Newton, Kansas, a house where residents lived, and where the defendants purported to provide therapy services; and
- (d) 1416 Grandview, Newton, Kansas, which was the defendants' residence and which purportedly was the location where defendants kept medical and billing records.

10. Defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN also owned a farm located at 7130 N.W. Shumway, Potwin, Kansas, where Kaufman House residents occasionally performed labor and services.

11. From on or about December 23, 1980, and continuing through on or about October 26, 2004, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN assumed responsibility for providing care to the residents. Residents and their families paid the defendants for rent, utilities, and food. Residents and their families also paid the defendants for the purported nursing services of defendant LINDA JOYCE KAUFMAN, which primarily consisted of defendant LINDA JOYCE KAUFMAN dispensing medications to residents and transporting residents to medical appointments. Additionally, residents or their families paid for the purported therapy services of defendant ARLAN DEAN KAUFMAN.

12. A provider of medical and clinical services, including a licensed clinical social worker and a registered nurse, should “first do no harm” and should provide honest services, as opposed to providing services driven by a desire to enhance the provider’s income, to entertain the provider, or to satisfy the provider’s prurient sexual interests.

13. Defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN purported to provide care and therapy services to Kaufman House residents, but instead engaged in a pattern of conduct which amounted to involuntary servitude and forced labor, and defrauded them of their rights to the defendants’ honest services.

14. Defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN purported to serve in multiple capacities in relation to the residents, including:

- (a) landlords;
- (b) care givers;
- (c) social security representative payees; and
- (d) guardians.

Specifically, defendant ARLAN DEAN KAUFMAN was the representative payee for at least the following residents’ social security disability benefits: GC; AG;

MH; and BT. Additionally, defendant ARLAN DEAN KAUFMAN was the guardian for at least resident BT.

The Medicare Program

15. In 1965, Title XVIII of the Social Security Act established the Medicare Program. Generally, Medicare helps pay for the costs of certain health care expenses for individuals who are 65 years of age or older, or who are disabled. Medicare Part B provides federal government funds to help pay for, among other things, mental health services provided to Medicare beneficiaries.

16. The United States Department of Health and Human Services (“HHS”), a department of the United States, through the Centers for Medicare and Medicaid Services (“CMS”), formerly known as the Health Care Financing Administration (“HCFA”), administers and supervises the Medicare Program. In administering and supervising the Medicare Program, CMS contracts with various insurance carriers to process Medicare claims and payments.

17. The Medicare Program allows payment to a medical provider only for medically necessary services that are, in fact, provided to a Medicare beneficiary.

18. The Medicare carriers, together with CMS, determine specific guidelines for the billing and coverage of services, which guidelines are published

to providers of medical services (hereinafter “providers”), including the defendants and Kaufman House.

19. In order to obtain reimbursement from Medicare, providers submit claims to Medicare carriers on a standardized form, commonly referred to as a HCFA-1500 form. On a HCFA-1500, the provider must state, among other things:

- (a) the patient’s name;
- (b) the diagnosis;
- (c) the type and quantity of services provided;
- (d) the dates of service; and
- (e) the name and address of the provider providing the medical services for which the bill is being submitted.

20. Upon receiving a claim, the Medicare carrier determines the allowable charge for the medically necessary services which the medical provider represents have been provided, and, with regard to the mental health services at issue, reimburses the provider for 50 percent of that allowable charge, subject to other applicable deductibles. The Medicare beneficiary, or his/her supplemental insurance carrier, is required to pay the remaining 50 percent. This 50 percent is sometimes referred to as a “co-payment.”

21. The physicians' Current Procedural Terminology, commonly known as the CPT Code Book, contains a listing of descriptive terms and identifying code numbers for the standardized reporting of approximately 7,500 medical services and procedures performed by physicians and other medical providers. The purpose of the CPT Code Book is to provide a uniform language that accurately describes medical, surgical, and diagnostic services to facilitate nationwide communications among health care workers, patients, and others. CPT codes are used by health insurance companies for tracking and processing medical claims.

22. Defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN submitted, and caused to be submitted, claims to Medicare for the following CPT codes, among others:

- | | |
|---|---|
| 90801 | Diagnostic Interview Examination , which includes “a history, mental status, and a disposition, and may include communication with family or other sources, ordering and medical interpretation of laboratory or other medical diagnostic studies” |
| 90804
or
G0071 | Individual Psychotherapy , insight oriented, behavior modifying and/or supportive, in an office or outpatient facility, 20-30 minutes face-to-face with patient |
| 90806
or
G0073 | Individual Psychotherapy , insight oriented, behavior modifying and/or supportive, in an office or outpatient facility, 45-50 minutes face-to-face with patient |

90808 Individual Psychotherapy, insight oriented, behavior modifying and/or supportive, in an office or outpatient facility, 75-80 minutes face-to-face with patient

90853 Group Psychotherapy

23. Psychotherapy is the treatment for mental illness and behavioral disturbances in which the clinician establishes a professional contract with the patient and, through definitive therapeutic communication, attempts to alleviate the emotional disturbances, reverse or change maladaptive patterns of behavior, and encourage personality growth and development.

24. Insight oriented, behavior modifying, and/or supportive psychotherapy refers to the development of insight or affective understanding, the use of behavior modification techniques, the use of supportive interactions, the use of cognitive discussion of reality, or any combination of the above to provide therapeutic change.

25. Medicare rules and regulations require contemporaneous documentation of therapy to be developed and maintained in a beneficiary's file.

The documentation is to be legible and is to include:

- (a) the date and length of the session;
- (b) start and stop times;
- (c) content of session;

- (d) the patient's current clinical status, as evidenced by the patient's signs and symptoms;
- (e) a statement summarizing the therapeutic intervention attempted during the session;
- (f) a statement summarizing the patient's degree of progress or lack of progress toward treatment goals; and
- (g) the signature and credentials of the person actually performing the psychotherapy.

26. Medicare is allowed to review documentation in a beneficiary's file concerning the services allegedly provided to the beneficiary and for which Medicare was billed. This documentation serves as support for the HCFA-1500 claim forms submitted to Medicare.

COUNT 1 (Conspiracy)

27. The Grand Jury incorporates by reference Paragraphs 1 through 26 as though fully restated and realleged herein.

28. Commencing in or about 1981, and continuing through on or about October 26, 2004, the exact dates being unknown to the Grand Jury, in the District of Kansas and elsewhere, the defendants

ARLAN DEAN KAUFMAN
and
LINDA JOYCE KAUFMAN

did knowingly and willfully combine, conspire, confederate and agree with each other and other persons, both known and unknown to the Grand Jury:

- a. To commit offenses against the United States, that is:
 - (1) forced labor, in violation of Title 18, United States Code, Sections 1589 and 2;
 - (2) involuntary servitude, in violation of Title 18, United States Code, Sections 1584 and 2;
 - (3) health care fraud, in violation of Title 18, United States Code, Sections 1347 and 2;
 - (4) mail fraud, in violation of Title 18, United States Code, Sections 1341 and 2;
 - (5) making materially false representations and writings in a matter involving a health care benefit program, in violation of Title 18, United States Code, Sections 1035(a)(2) and 2; and
 - (6) obstructing a federal audit, in violation of Title 18, United States Code, Sections 1516 and 2;

b. and to defraud the United States and departments and agencies thereof, namely, HHS and CMS, by impairing, impeding, and obstructing by craft, trickery, deceit, and dishonest means, their lawful and legitimate functions in administering health care and health benefit plans, including Medicare.

MANNER, MEANS AND OBJECT OF THE CONSPIRACY

29. The defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN used the following manner and means in furtherance of the conspiracy and scheme and artifice to defraud. In so doing, the defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN, at times, used otherwise lawful conduct to further the conspiracy.

30. It was a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN knowingly obtained the labor and services of Kaufman House residents.

31. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN forced and coerced the mentally ill Kaufman House residents to participate in purported "therapy" sessions, and forced and coerced them to perform other labor and services, while nude.

32. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN, as part of the purported "therapy," forced and coerced the mentally ill Kaufman House residents to perform sexually explicit acts in their presence and the presence of other residents for the defendants' personal entertainment and to satisfy the defendants' prurient interests. Some of the sexually explicit labor and services the Kaufman House residents performed included, but was not limited to:

- (a) massaging each other;
- (b) exhibiting their genitalia;
- (c) masturbating;
- (d) shaving each other's genitalia;
- (e) fondling each other's genitalia; and
- (f) having defendant ARLAN DEAN KAUFMAN fondle the residents' genitalia.

33. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN forced and coerced the mentally ill Kaufman House residents to perform sexually explicit acts and otherwise exhibit their genitalia for the

creation of video tapes. These video tapes showed the residents performing manual tasks outside in the nude and attending purported "therapy" sessions in which the nude residents were --

- (a) discussing sexual issues, sexual fetishes, and sexual fantasies;
- (b) massaging each other;
- (c) exhibiting their genitalia;
- (d) masturbating;
- (e) shaving each other's genitalia;
- (f) fondling each other's genitalia; and
- (g) having defendant ARLAN DEAN KAUFMAN fondle the residents' genitalia.

34. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN created and encouraged the creation of sexually explicit video tapes with the intent and purpose of profiting, selling, and otherwise sharing the tapes with others outside of the Kaufman House.

35. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN would claim that the residents were chronically mentally ill,

without hope for improvement, yet would also claim that the residents voluntarily participated in all of the labor and services outlined in this indictment.

36. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN forced and coerced the mentally ill Kaufman House residents to perform manual tasks, including labor and services performed on the defendants' farm in Potwin, Kansas, and other locations, for the defendants' personal entertainment and benefit. The defendants forced the Kaufman House residents to perform the labor and services in the nude.

37. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN obtained the labor and services of the Kaufman House residents by:

- (a) the use and threatened use of physical restraint;
- (b) the infliction of physical injury;
- (c) the use and threatened use of serious harm;
- (d) use of a scheme, plan, and pattern intended to cause the resident to believe that failure to perform such labor and services would result in serious harm or physical restraint; and

- (e) the abuse and threatened abuse of the law and legal process.

38. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN purported to provide care and therapy to mentally ill adults residing at the Kaufman House, but in truth and in fact, subjected the residents to serious harm, including, but not limited to:

- (a) sexual abuse;
- (b) psychological abuse and manipulation;
- (c) physical abuse;
- (d) coercion;
- (e) isolation;
- (f) denial of proper psychological treatment;
- (g) deprivation of property;
- (h) substandard living conditions;
- (i) forced and prolonged nudity; and
- (j) threats of institutionalization.

39. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN created, through the infliction of serious harm, as well as

other actions, a “climate of fear” at the Kaufman House, which kept the residents under the defendants’ control.

40. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN manipulated the residents into making statements that were favorable to the defendants. Those statements included assertions that the defendants did not mistreat and abuse the Kaufman House residents, and that the defendants did not force and coerce the Kaufman House residents into performing labor and services.

41. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN prevented, obstructed, and otherwise impaired the ability of law enforcement officers, social workers, doctors, nurses, physician’s assistants, residents’ family members, and others from discovering the defendants’ mistreatment and abuse of Kaufman House residents.

42. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN made false claims, and caused false claims to be made, to Medicare and the residents’ families by billing Medicare and residents’ families

for therapy services not rendered and not documented, and by depriving the residents of the intangible right of honest services.

43. It was further a part and an object of the conspiracy and scheme and artifice to defraud to conceal from the government, including Medicare and law enforcement authorities, that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN were making false claims, and causing false claims to be made, to Medicare and to the residents' families.

44. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN submitted and caused to be submitted false claims to Medicare by submitting claims for individual and group psychotherapy that had not been provided or documented. From January 1, 1991, through December 27, 2000, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN submitted and caused to be submitted just under \$1 million in claims to Medicare, and Medicare paid the defendants approximately \$216,906.32.

45. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN purported to provide medication management services for the residents, and charged the residents or their families for these services, when, in

truth and in fact, these services consisted of defendant LINDA JOYCE KAUFMAN simply leaving the medications out for residents to self-administer.

46. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN did not keep contemporaneous records of the purported individual and group psychotherapy, and did not maintain medical files for the residents.

47. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN submitted, and caused to be submitted, claims for as many as 29 two-hour group therapy sessions per month, often on consecutive days and twice on one day, and as many as 10 individual therapy sessions per month, often every other day, for a single beneficiary. Typically, the defendants did not regularly submit claims during the year contemporaneously with the ostensible treatment. Instead, the defendants submitted and caused to be submitted a few claim forms per year for each beneficiary, requesting reimbursement for hundreds of purported therapy sessions in each claim.

48. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA

JOYCE KAUFMAN took residents' social security disability benefits, either as representative payee, or by the residents' endorsing their social security checks over to the defendants.

49. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN would write checks to Kaufman House from at least one resident's checking account.

50. It was further a part and an object of the conspiracy and scheme and artifice to defraud that defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN attempted to place assets beyond the government's reach by purporting to transfer assets to their children.

OVERT ACTS

51. In furtherance of the conspiracy and scheme and artifice to defraud, and to accomplish their purposes and objectives, one or more co-conspirators committed in the District of Kansas and elsewhere the following overt acts, among others:

- a. Each of the allegations set forth in Counts 2-33 is incorporated and realleged as though restated herein, as an individual overt act done in furtherance of the conspiracy.

- b. On or about June 9, 1991, defendant ARLAN DEAN KAUFMAN submitted a provider application to Medicare.
- c. On or about December 28, 1994, defendant ARLAN DEAN KAUFMAN submitted a provider application to Medicare for Kaufman House Treatment Center, 413 West Broadway, Newton, Kansas.
- d. In or about February 1996, defendant ARLAN DEAN KAUFMAN compelled MH to shower while he watched.
- e. In or about February 1996, defendant ARLAN DEAN KAUFMAN compelled KR to shave the genitalia of MH while he watched.
- f. On or about February 8, 1998, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN contacted the American Nudist Research Library and offered that organization copies of videos that contained images of nude, mentally ill Kaufman House residents.
- g. On or about May 18, 1998, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN compelled JA, MH, JM, and KR to work on their farm in the nude while the defendants watched.

- h. In or about September and October 1998, the defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN compelled JA, MH, JM, and KR to work on their farm in the nude while the defendants watched.
- i. In or about April 1999, the defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN compelled JA, MH, JM, KR, and BT to work on their farm in the nude while the defendants watched.
- j. On or about November 8, 1999, defendant ARLAN DEAN KAUFMAN influenced and attempted to influence how residents responded to questions from law enforcement regarding the residents' being required to work at the defendants' farm in the nude.
- k. On or about November 16, 1999, defendant LINDA JOYCE KAUFMAN influenced and attempted to influence how residents responded to questions from law enforcement and others regarding the residents' being required to work at the defendants' farm in the nude.
- l. In or about April 2001, defendant ARLAN DEAN KAUFMAN compelled MH and KR to shave each other's genitalia while he watched.

- m. In or about April 2001, defendant ARLAN DEAN KAUFMAN compelled BT and MH to participate in nude group massage while he watched.
- n. From on or about 1991, through on or about December 27, 2000, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN submitted and caused to be submitted to Medicare false claims, that is, claims for services not rendered, and for services which were not documented, resulting in Kaufman House and the defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN receiving from Medicare approximately \$216,906.32 to which they were not entitled. For example, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN submitted, and caused to be submitted, in addition to the claims set forth in Counts 7-22 below, the following claims, on or about the following dates, which claims were for services not rendered and not documented:

On or about Date	Beneficiary	Procedures Billed	Number of Procedures Billed	Amount Billed Total
September 15, 1997	MH	G0073	25	2,000.00
November 21, 1997	PL	90843 90853 G0071 90853	128 367 110 235	5,120.00 14,680.00 4,400.00 <u>9,400.00</u> 33,600.00
December 12, 1997	AG	90853 90853	217 7	8,680.00 <u>280.00</u> 8,960.00
December 12, 1997	MH	G0073	25	2,000.00
December 12, 1997	MH	90853	362	14,480.00
December 12, 1997	TR	90853 G0073 G0071 G0075	175 50 30 1	7,000.00 4,000.00 1,200.00 <u>120.00</u> 12,320.00
December 22, 1997	JA	90853 G0071 G0073 90843 90853	273 45 2 13 82	10,920.00 1,800.00 160.00 520.00 <u>3,280.00</u> 16,680.00
December 22, 1997	GC	90853 G0073 G0071 90844 90853	268 3 6 5 79	10,720.00 240.00 240.00 400.00 <u>3,160.00</u> 14,760.00
December 22, 1997	BT	G0073 90853 90844 90843 90853	48 314 48 1 336	3,840.00 12,560.00 3,840.00 40.00 <u>13,440.00</u> 33,720.00

On or about Date	Beneficiary	Procedures Billed	Number of Procedures Billed	Amount Billed Total
December 30, 1997	JJ	90853	3	120.00
		90853	107	<u>4,300.00</u> 4,420.00
February 4, 1998	JJ	90853	29	1,160.00
		90853	16	<u>640.00</u> 1,800.00
October 5, 1998	MH	90806	25	2,000.00
October 5, 1998	MH	90853	204	8,160.00
December 11, 1998	MH	90853	34	1,360.00
		G0073	3	<u>240.00</u> 1,600.00
December 18, 1998	MH	90806	25	2,000.00
December 18, 1998	AG	90853	13	520.00
		90853	175	<u>7,000.00</u> 7,520.00
November 10, 1999	MH	90806	25	2,000.00
December 26, 1999	JA	G0071	4	160.00
		90853	24	960.00
		90804	52	2,080.00
		90853	359	<u>14,360.00</u> 17,560.00
December 26, 1999	GC	90853	24	960.00
		90804	35	1,400.00
		90853	350	<u>14,000.00</u> 16,360.00
December 26, 1999	BT	90853	22	880.00
		G0073	1	80.00
		90806	58	4,640.00
		90853	283	<u>11,320.00</u> 16,920.00

On or about Date	Beneficiary	Procedures Billed	Number of Procedures Billed	Amount Billed Total
December 28, 1999	JJ	90853	147	5,880.00
		90804	59	<u>2,360.00</u>
				8,240.00
December 28, 1999	KR	G0073	2	160.00
		G0075	1	120.00
		90853	30	1,200.00
		90806	58	4,640.00
		90808	3	360.00
		90853	358	<u>14,320.00</u>
				20,800.00

- o. From at least on or about December 27, 1995, through on or about December 24, 2001, the exact dates being unknown to the Grand Jury, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN mailed, and caused to be mailed to residents' families, false invoices, that is, invoices for services not rendered and not documented. For example, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN mailed, and caused to be mailed, in addition to the mailings set forth in Counts 23-31 below, the following invoices, on or about the following dates:

On or About Date	Beneficiary	Billed to	Services	Amount Billed
December 27, 1995	PL	ML	Nursing 1995 Therapy	1,720.00 3,000.00
June 7, 1996	PL	ML	Nursing	542.00

On or About Date	Beneficiary	Billed to	Services	Amount Billed
October 16, 1996	PL	ML	Nursing 1994 Therapy 1995 Therapy	642.00 2296.45 2228.84
December 1996	TR	LR	Nursing Behavior Mod Structure Psychotherapy	1,422.00 280.00 763.53
December 12, 1997	AG	LG	Nursing Group Therapy Group Therapy Group Therapy	1,460.00 84.17 2,253.25 130.19
March 30, 1998	MH	LH	Nursing Individual Therapy Individual Therapy Group Therapy Group Therapy	1,580.00 668.12 668.12 3,625.42 313.84
October 8, 1998	MH	LH	Nursing Individual Therapy	1,162.00 720.87
December 18, 1998	AG.	LG	Nursing Group Therapy Dec. 97 Group Therapy	1,500.00 1,891.75 130.19
December 26, 1998	TR	LR	Nursing	1,630.00
December 27, 1998	MH	LH	Nursing Individual Therapy Individual Therapy Group Therapy	1,560.00 739.75 720.87 4,010.51

p. On or about June 29, 2001, approximately 11 days following the execution of a federal search warrant at the defendants' Newton residence, defendants ARLAN DEAN KAUFMAN and LINDA

JOYCE KAUFMAN conveyed, by warranty deed, the following property to:

- (1) Michael D. Kaufman, their son, the property located at 119 W. 8th Street, Newton, Kansas. The defendants conveyed the property for the “sum of One Dollar and other valuable consideration.” In 2001, the property had an assessed value of \$45,100, and in 2004, the property had an assessed value of \$35,010.
- (2) Cheryl L. Kaufman, their daughter, the property located at 321 W. 7th Street, Newton, Kansas. The defendants conveyed the property for the “sum of One Dollar and other valuable consideration.” In 2001, the property had an assessed value of \$65,590, and in 2004, the property had an assessed value of \$71,840.
- (3) David Stigge-Kaufman, their son, the property located at 413 W. Broadway, Newton, Kansas. The defendants conveyed the property for the “sum of One Dollar and other valuable consideration.” In 2001 and in 2004, the property had an assessed value of \$69,000.

(4) Cheryl L. Kaufman, Michael D. Kaufman, and David Stigge-Kaufman, their children, the property located at 7130 N.W. Shumway, Potwin, Kansas. The defendants conveyed the property for the “sum of One Dollar and other valuable consideration.” In 2001, the property had an assessed value of \$65,040, and in 2004, the property had an assessed value of \$71,730.

- q. On or about May 27, 2003, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN wrote check #1024 on resident BT’s checking account for \$20,567.17, payable to Kaufman Treatment Center.
- r. On or about February 24, 2004, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN refused to permit a police officer from the Newton Police Department and social workers with Kansas SRS to interview residents concerning their treatment at the Kaufman House.

52. The foregoing is in violation of Title 18, United States Code, Section 371.

COUNTS 2-6 – CIVIL RIGHTS VIOLATIONS

COUNT 2

53. The Grand Jury incorporates by reference Paragraphs 1 through 51 as though fully restated and realleged herein.

54. On or about October 28, 2000, through on or about December 31, 2001, in the District of Kansas, the defendants

ARLAN DEAN KAUFMAN
and
LINDA JOYCE KAUFMAN

aiding and abetting each other, knowingly provided and obtained, and attempted to provide and obtain, the labor and services of MH by threats of serious harm to, and physical restraint against, her and other persons; and by means of a scheme, plan, and pattern intended to cause her to believe that if she did not perform such labor and services that she and other persons would suffer serious harm and physical restraint; and by means of the abuse and threatened abuse of the law and legal process.

55. The foregoing is in violation of Title 18, United States Code, Sections 1589 and 2.

COUNT 3

56. The Grand Jury incorporates by reference Paragraphs 1 through 51 as though fully restated and realleged herein.

57. On or about October 28, 2000, through on or about May 19, 2004, in the District of Kansas, the defendants

ARLAN DEAN KAUFMAN
and
LINDA JOYCE KAUFMAN

aiding and abetting each other, knowingly provided and obtained, and attempted to provide and obtain, the labor and services of BT by threats of serious harm to, and physical restraint against, her and other persons; and by means of a scheme, plan, and pattern intended to cause her to believe that if she did not perform such labor and services that she and other persons would suffer serious harm and physical restraint; and by means of the abuse and threatened abuse of the law and legal process.

58. The foregoing is in violation of Title 18, United States Code, Sections 1589 and 2.

COUNT 4

59. The Grand Jury incorporates by reference Paragraphs 1 through 51 as though fully restated and realleged herein.

60. Between 1986 and October 27, 2000, in the District of Kansas, the defendants

ARLAN DEAN KAUFMAN
and
LINDA JOYCE KAUFMAN

aiding and abetting each other, knowingly and willfully held MH to a condition of involuntary servitude for a term.

61. The foregoing is in violation of Title 18, United States Code, Sections 1584 and 2.

COUNT 5

62. The Grand Jury incorporates by reference Paragraphs 1 through 51 as though fully restated and realleged herein.

63. Between 1986 and October 27, 2000, in the District of Kansas, the defendants

ARLAN DEAN KAUFMAN
and
LINDA JOYCE KAUFMAN

aiding and abetting each other, knowingly and willfully held BT to a condition of involuntary servitude for a term.

64. The foregoing is in violation of Title 18, United States Code, Sections 1584 and 2.

COUNT 6

65. The Grand Jury incorporates by reference Paragraphs 1 through 51 as though fully restated and realleged herein.

66. On or about November 8, 1999, in the District of Kansas, the defendants

ARLAN DEAN KAUFMAN
and
LINDA JOYCE KAUFMAN

aiding and abetting each other, knowingly and willfully held JA, JM, and KR to a condition of involuntary servitude for a term.

67. The foregoing is in violation of Title 18, United States Code, Sections 1584 and 2.

COUNTS 7-22 – HEALTH CARE FRAUD

68. The Grand Jury incorporates by reference Paragraphs 1 through 51 as though fully restated and realleged herein.

69. From in or about 1991, and continuing through in or about February 21, 2001, the exact dates being unknown to the Grand Jury, the defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN devised and executed, and attempted to execute, a scheme and artifice to defraud a health care benefit program, namely Medicare, in connection with the delivery of and payment for health care benefits, items, and services, namely mental health services, by submitting and causing to be submitted false claims to Medicare, that is, claims for services not rendered and not documented.

70. On or about the following dates, for the purpose of executing the above-described scheme and artifice to defraud any health care benefit program in connection with the delivery of and payment for health care benefits, items, and services, and attempting to do so, in the District of Kansas, the defendants

ARLAN DEAN KAUFMAN
and
LINDA JOYCE KAUFMAN

knowingly submitted, and caused to be submitted, to Medicare the following claims for services not rendered and not documented:

Count	On or About Date of Claim	Beneficiary	Procedures Billed	Number of Procedures Billed	Amount Billed Total
7	December 30, 1999	JA	90804	12	480.00
			90806	43	3,440.00
			90808	1	120.00
			90853	609	<u>24,360.00</u> 28,400.00
8	December 30, 1999	GC	90804	130	5,200.00
			90806	3	240.00
			90853	457	<u>18,280.00</u> 23,720.00
9	December 30, 1999	KR	90806	59	4,720.00
			90808	1	120.00
			90853	615	<u>24,600.00</u> 29,440.00
10	December 30, 1999	TR	90853	603	24,120.00
			90806	71	5,680.00
			90804	9	<u>360.00</u> 30,160.00
11	December 30, 1999	BT	90806	64	5,120.00
			90853	558	<u>22,320.00</u> 27,440.00
12	January 10, 2000	MH	90806	31	2,480.00
13	February 11, 2000	MH	90806	24	1,920.00
14	December 8, 2000	MH	90806	47	3,760.00
			90808	2	240.00
			90853	417	<u>16,680.00</u> 20,680.00
15	December 10, 2000	AG	90853	459	18,360.00
16	December 14, 2000	AG	90853	256	10,240.00
17	December 15, 2000	KR	90853	417	16,680.00
18	December 15, 2000	BT	90853	417	16,680.00

Count	On or About Date of Claim	Beneficiary	Procedures Billed	Number of Procedures Billed	Amount Billed Total
19	December 20, 2000	GC	90806 90853	17 238	1,360.00 <u>9,520.00</u> 10,880.00
20	December 20, 2000	JJ	90853	67	2,680.00
21	December 22, 2000	JA	90853	417	16,680.00
22	December 22, 2000	JJ	90804 90806 90853	2 2 445	80.00 160.00 <u>17,800.00</u> 18,040.00

71. The foregoing is in violation of Title 18, United States Code, Sections 1347 and 2.

COUNTS 23-31 – MAIL FRAUD

72. The Grand Jury incorporates by reference Paragraphs 1 through 51 as though fully restated and realleged herein.

73. From in or about at least December 27, 1995, through in or about December 24, 2001, the exact dates being unknown to the Grand Jury, defendants ARLAN DEAN KAUFMAN and LINDA JOYCE KAUFMAN devised and executed, and attempted to execute, a scheme and artifice to defraud the residents and their families of money and honest services by means of a pattern of material false and fraudulent pretenses, representations, promises and omissions.

74. On or about the following dates, for the purpose of executing the aforesaid scheme and artifice to defraud, and attempting to do so, in the District of Kansas, the defendants

ARLAN DEAN KAUFMAN
and
LINDA JOYCE KAUFMAN

knowingly deposited or caused to be deposited, to be sent and delivered, by the U.S. Postal Service or private or commercial interstate carrier, according to the instructions thereon, any thing or matter, to wit:

Count	On or About Date	Document
23	March 20, 2000	Check #6105 for \$753.36 and Check #6106 for \$973.09 from father of MH
24	December 8, 2000	Invoice for MH Account
25	December 2000	Invoice for TR Account
26	December 19, 2000	Check #7652 for \$3,482.49 from parents of TR
27	December 27, 2000	Check #6328 for \$5,000.00 from father of MH
28	September 5, 2001	Check #6385 for \$450.00 from father of MH
29	October 2, 2001	Invoice for MH Account
30	December 18, 2001	Check #6407 for \$7,000.00 from father of MH
31	December 24, 2001	Invoice for TR Account

75. The foregoing is in violation of Title 18, United States Code, Sections 1341 and 2.

COUNT 32 – MAKING A FALSE REPRESENTATION AND WRITING

76. The Grand Jury incorporates by reference Paragraphs 1 through 51 as though fully restated and realleged herein.

77. On or about February 21, 2001, in the District of Kansas, the defendants

ARLAN DEAN KAUFMAN
and
LINDA JOYCE KAUFMAN

in connection with the delivery of and payment for health care benefits, knowingly and willfully made, attempted to make, and caused to be made, materially false representations, writings, and documents, knowing the same to contain materially false, fictitious, and fraudulent statements and entries, in that the defendants manufactured records to respond to a request for records from Medicare.

78. The foregoing is in violation of Title 18, United States Code, Sections 1035(a)(2) and 2.

COUNT 33 -- OBSTRUCTING A FEDERAL AUDIT

79. The Grand Jury incorporates by reference Paragraphs 1 through 51 as though fully restated and realleged herein.

80. On or about February 21, 2001, in the District of Kansas, the defendants

ARLAN DEAN KAUFMAN
and
LINDA JOYCE KAUFMAN

with the intent to deceive and defraud the United States, endeavored to influence, obstruct, and impede a Federal auditor in the performance of official duties relating to a person, entity or program receiving in excess of \$100,000, directly or indirectly, from the United States in any one year period under a contract or subcontract, grant, or cooperative agreement, in that the defendants submitted to Medicare documents manufactured in response to Medicare's request for documentation supportive of the claims defendants' submitted to Medicare.

81. The foregoing is in violation of Title 18, United States Code, Sections 1516 and 2.

COUNT 34 – FORFEITURE

82. Upon conviction of one or more of the offenses alleged in Counts 1-32 of this First Superseding Indictment, defendants shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C), 18 U.S.C. § 982, 18 U.S.C. § 1594(b)(2), and 28 U.S.C. § 2461, all property, real and personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the offense, including but not limited to a sum of money equal to the amount of proceeds obtained as a result of the offenses alleged in Counts 1-31,

for which defendants are jointly and severally liable, including, but not limited to, a money judgment in the amount of \$283,492.13.

83. Upon conviction of one or more of the offenses alleged in Counts 2-6 of this First Superseding Indictment, defendants shall forfeit to the United States, pursuant to 18 U.S.C. § 1594(b)(1), any property, real or personal, that was used or intended to be used to commit or to facilitate the commission of said violations, including, but not limited to, a money judgment for the value of any facilitating property.

84. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States pursuant to 21 U.S.C. § 853(p) as incorporated by 18 U.S.C. § 982(b), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described above.

A TRUE BILL.

6-15-05
DATE

FOREPERSON

Per Lindersjö

ERIC F. MELGREN
United States Attorney
District of Kansas
301 N. Main, Suite 1200
Wichita, Kansas 67202
Ks. S. Ct. #12430

[It is requested that trial be held in Topeka, Kansas.]

The Court acknowledges receipt of this Indictment in open court.

Gregory D. Rogers
UNITED STATES DISTRICT JUDGE